

**LA PORTE CITY UTILITIES**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2011**

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**La Porte City Utilities**

**Board of Trustees**

| <u>Name</u>  | <u>Title</u>        | <u>Term Expires</u> |
|--------------|---------------------|---------------------|
| Phil Norris  | Trustee - Chairman  | September 2015      |
| Don Heckroth | Trustee – Secretary | September 2011      |
| Jon Barz     | Trustee             | September 2013      |

**La Porte City Utilities**

## **Independent Auditor's Report**

To the Board of Trustees:

We have audited the accompanying financial statements of the business type activities, each major fund and the aggregate remaining fund information of the La Porte City Utilities, as of and for the year ended June 30, 2011, which collectively comprise the Utility's basic financial statements listed in the table of contents. These financial statements are the responsibility of the La Porte City Utilities's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business type activities, each major fund and the aggregate remaining fund information of the La Porte City Utilities as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2011 on our consideration of the La Porte City Utilities's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 11 and 22 through 23 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the La Porte City Utilities's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.*

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., C.P.A.'S

November 17, 2011

# LA PORTE CITY UTILITIES

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403 Main Street, La Porte City, Iowa 50651

Phone: (319) 342-3139

Fax: (319) 342-3770

Email: [lpcutil@netins.net](mailto:lpcutil@netins.net)

## MANAGEMENT DISCUSSION AND ANALYSIS

La Porte City Utilities provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. It is to be used in conjunction with the Utilities Annual Report, which follow.

### BASIS OF ACCOUNTING

The Utilities has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a method of accounting other than generally accepted accounting principles. Basis of accounting is a reference as to *when* financial events are recorded. Under the modified cash basis of accounting, revenues and expenses and their related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (*such as accounts receivable and revenue for billed or provided services not yet collected*); as well as certain liabilities and their related expenses (*such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities*) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

### HOW TO USE THE ANNUAL REPORT

The items in the annual report consist of a series of financial statements and other information as follows:

#### **Basic Financial Statements**

- **Statement of Activities and Net Assets – Cash Basis** (Exhibit A)  
Presents the major program costs and program receipts associated with that program. This is to determine the extent that the programs are self-supporting.
- **Statement of Cash Receipts, Disbursements and Changes in Cash Balances** (Exhibit B)  
Presents the Utilities operations in more detail by providing information on the most significant funds with the non-major funds lumped together.
- **Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Assets** (Exhibit C)  
Reconciles any differences between Exhibit A and Exhibit B

#### **Notes to the Financial Statements**

- Provide additional information essential to a full understanding of the data provided in the basic financial statements.

#### **Required Supplementary Information**

- Further explains and supports the financial statements with a comparison of the Utilities budget for the year.

LA PORTE CITY UTILITIES  
MANAGEMENT DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2011

**Other Supplementary Information**

- **Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Non-Major Proprietary Funds** (Schedule 1)  
Presents the non-major funds in more detail that were lumped together in Exhibit B.
- **Schedule of Indebtedness** (Schedule 2)  
Presents detailed information on outstanding debts incurred by the Utilities.
- **Bond and Note Maturities** (Schedule 3)  
Summarized bond repayment schedule
- **Schedule of Receipts by Source and Disbursements by Function – All Proprietary Funds** (Schedule 4)  
Provides a multi-year comparison of the Utilities revenues and disbursements as a whole.

Part of the requirements of the Management Discussion and Analysis is to provide a brief discussion of the Basic Financial Statements included in the Annual Report and the information they provide.

**BASIC FINANCIAL STATEMENTS**

- **Statement of Activities and Net Assets – Cash Basis** (Exhibit A)

The first section of the statement presents the major **Functions/Programs**. For the Utilities, those are the Electric Fund, Water fund, Debt Service Reserve Fund, Capital Improvement Reserve fund, Capital Project Water System Improvement fund and the Diesel Engine Reserve fund. The *Disbursements* are listed in the first column with *Charges for Service* and *Restricted Interest* revenues from each program to the right. The result is a Net (Expense)/Revenue. This is to determine the extent to which the programs support themselves.

The next section is the **General Receipts**. It shows the *Bond Proceeds*, *Unrestricted Interest*, *Miscellaneous Revenues*, and *Transfers*. These revenues are not listed above because they are not generated from the direct operation of the program.

Adding the *Business Type Activities Total* with the *Total General Receipts and Transfers* equals the *Change in Cash Basis Net Assets* or the total increase/(decrease) in net assets for the Utilities for the year. For the fiscal year ending June 30, 2011, the change in net assets was an increase of \$486,878. Add that amount to the *Beginning Net Assets* balance of \$581,905 gives us a new *Cash Basis Net Assets – End of Year* balance of \$1,068,783.

The final section of this report shows that the *Cash Basis Net Assets* consist of \$102,313 in restricted expendable funds, \$237,138 in assigned funds and \$729,332 in un-restricted funds. The restricted funds are required to be established by Bond Covenants, or State Law, the assigned funds are established by the Board to help it control and manage money for particular purposes and the unrestricted funds are spendable funds not contained in the other categories.

- **Statement of Cash Receipts, Disbursements and Changes in Cash Balances** (Exhibit B)

The Utilities have only one type of fund: Proprietary or Enterprise funds. These types of funds are used to report Business Type Activities (activities that are primarily self-supporting). The major funds the Utilities maintain are the Electric and Water fund, as well as the Debt Service Reserve Fund, Capital Improvement Reserve Fund, and the Diesel Engine Reserve Fund. All other funds are lumped together as Non-Major funds for the purpose of this report. For detailed information on the other funds, go to Other Supplementary Information, *Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Non-Major Proprietary Funds* (Schedule 1).



LA PORTE CITY UTILITIES  
MANAGEMENT DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2011

Each fund has its own column to report the different types of Receipts, with the disbursements subtracted to obtain the *Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements*. This gives us the Net Operating Revenue (Loss) for each fund. After adding in the Bond Proceeds and subtracting out the Debt Service disbursements, and Operating Transfers we come to the *Net Change in Cash Balances* for each fund. This is the Net "Profit/(Loss)" for each of the funds

After adding the *Net Change in Cash Balances* to the *Cash Beginning Balances*, we have the new *Cash Ending Balance* for each of the funds.

The statement then also breaks down the *Cash Ending Balances* by Restricted, Assigned and Unrestricted.

• **Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Assets** (Exhibit C)

This reconciles any differences in the Cash Ending Balances or Net Change in Cash from Exhibit A and Exhibit B.

**FINANCIAL HIGHLIGHTS**

- The total revenues for all departments were \$4,038,190. This is an increase of \$2,000,102 or a 198% increase from the previous year's revenues. Of this \$2,000,102 increase, \$734,703 was due to issuance of Proceeds of Debt from the State Revolving Loan Fund, to help municipalities fund extensive improvements to their water systems and an I-Jobs Grant awarded by the State of Iowa to assist with this same project.
- Use of Money and Property in the 2011 fiscal year was \$4,230; this is a decrease of \$5,401 or approximately a 44 percent decrease from the previous year's earnings. Having decreased reserves the previous year coupled with decreased interest rates resulted in this decrease.
- The total disbursements for all departments were \$3,551,312. The increase overall is \$1,370,064 or approximately 63 percent from the previous year's total expenses, all attributable to Capital Projects Water System Improvement Project. Electric and Water fund expenditures remained consistent with the previous year's expenditures
- Capital Projects: The Iowa Department of Natural Resources completed an inspection of our water system in 2009 and determined that major improvements were necessary to have a viable water system, including a new water tower and well. We started planning for the upgrades in the 2009 and borrowed from the State Revolving Loan Fund for the Preliminary Engineering fees, the amount of \$208,000. We then were approved for a \$3,000,000 loan from the State Revolving Loan Fund for a Water System Improvement project along with a \$755,000 I-Jobs Grant. The project is divided into 6 Phases: A - New Water Tower; B - New Well; C- New Well House; D - 12 inch Water Main; E - Well House #4 Water Treatment Improvements; F - Demolition. As of June 30, 2011, \$972,631 has been borrowed, with \$208,000 used to pay down the Preliminary Engineering loan. The cost of the project to date is \$1,497,208. Completion of this project is expected to be in 2013.
- The Electric Department rebuilt the country distribution line on Bishop Rd in this fiscal year. It was done in conjunction with Black Hawk County as they widened Bishop Rd from city limits to King Road. Total of the rebuild was \$39,497.

LA PORTE CITY UTILITIES  
MANAGEMENT DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2011

- Revenues exceeded expenses resulting in an increase in the net assets of \$486,878. This is compared to a net decrease the previous year of \$143,160. The ending fund balance on June 30, 2011 was \$1,068,783.
- According to our Bond Covenant, our Net Operating Revenues (Receipts less Operating Disbursements) for the electric department must be at least 120% of the year's scheduled Bond Payment. The Bond payment paid for FY2011 was \$143,075. This means we must have Net Operating Revenues of \$171,690. Since our revenues exceeded our expenses in the Electric Fund by \$345,564, we made our bond test easily. The electric rate increase implemented in June 2010 was designed to make sure we were able to meet this test.

|   | Year Ended June 30, 2011 |             | \$          |          |
|---|--------------------------|-------------|-------------|----------|
|   | 2011                     | 2010        | Difference  | % Change |
| Program Receipts:                       |                          |             |             |          |
| Charges for Service:                    |                          |             |             |          |
| Electric                                | \$1,933,443              | \$1,447,201 | \$486,242   | 33%      |
| Water                                   | \$559,118                | \$327,720   | \$231,398   | 71%      |
| Restricted Interest                     | \$1,093                  | \$4,783     | -\$3,690    | -77%     |
| General Receipts:                       |                          |             |             |          |
| Assigned Interest                       | \$1,559                  | \$4,848     | -\$3,289    | -68%     |
| Unassigned Interest                     | \$1,578                  |             | \$0.00      | 1000%    |
| Miscellaneous                           | \$806,696                | \$100,508   | \$706,188   | 702%     |
| Proceeds of Long Term Debt              | \$734,703                | \$153,028   | \$581,765   | 380 %    |
| Total Receipts                          | \$4,038,190              | \$2,038,088 | \$2,000,102 | 98%      |
| Disbursements:                          |                          |             |             |          |
| Operating Disbursements:                |                          |             |             |          |
| Electric                                | \$1,579,046              | \$1,478,411 | \$100,635   | 6%       |
| Water                                   | 195,654                  | 191,829     | \$3,825     | 2%       |
| Capital Projects                        | 1,623,363                | 363,753     | \$1,259,610 | 346%     |
| Debt Service                            | 153,249                  | 147,255     | \$5,994     | 4%       |
| Total Disbursements                     | \$3,551,312              | \$2,181,248 | \$1,370,064 | 62%      |
| Increase (Increase) in Cash Balance     | \$486,878                | -\$143,160  | 486,878     |          |
| Cash Basis Net Assets Beginning of Year | \$581,905                | 725,065     |             |          |
| Cash Basis Net Assets End of Year       | \$1,068,783              | \$581,905   |             |          |

## 2010 BUDGETARY HIGHLIGHTS

Over the course of the year, the Utilities amended its budget once. The amendment was approved in May 2011. The amendment allowed for the following changes:

### Electric department

#### Revenue:

- Raised Charges for Services due to rate increase.
- Decreased Use of Money and Property due to drastically lower than estimated interest rates.

LA PORTE CITY UTILITIES  
MANAGEMENT DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2011

Expenses:

- Increased maintenance of generators due to repairs of the controls and new boiler.
- Increased purchased power costs due significant increases in our power bills.
- Increased capital project line items in anticipation of completing a new overhead line on Bishop Road .
- Decreased customer billing costs as we are not longer processing credit and debit payments because of steep service charges.
- Increased payments in lieu of taxes to the City due to rate increase.

Water department

Revenue:

- Decreased Use of Money and Property due to drastically lower than estimated interest rates.

Expenses:

- Increased capital expenditures for preliminary engineering expenses for system improvements mandated by the DNR plus all costs associated with the bonding attorney and closing on the State Revolving Water Fund Loan.

**DEBT ADMINISTRATION**

As of June 30, 2011 the Utilities had an obligation of \$530,000 in Revenue Bonds outstanding. The bonds were originally issued March 1, 2000 for \$1,465,000 and reissued in May, 2008 for \$885,000 to take advantage of lower interest rates. The 2008 Series bonds are scheduled to mature in 2015. The Utilities was also approved for a \$3,000,000 loan from the State Revolving Loan Fund for a Capital Improvement Water System Project. As of June 30, 2011 the outstanding amount of the loan note is \$972,631.

**NEXT YEAR'S BUDGET AND RATES**

The Utilities administration and Board members considered many factors when setting the Fiscal Year 2011 budget.

- According to our Bond Covenant, our projected Net Operating Revenues (Receipts less Operating Disbursements) for the Electric Department must be at least 120% of that year's scheduled Bond Payment. At the time of budgeting, the bond payment due in 2012 is \$143,115. That means we are required to have Net Operating Revenues in the Electric Department of at least \$171,690. We budgeted an Electric rate increase in FY2010 which also included the provision to increase the electric rates 2% a year for the next four years to help ensure that the bond test is met along with meeting our operating cost needs.
- Capital Project Water System Improvement expenses and revenues were estimated to be \$900,000 for the Fiscal Year 11-12.
- The remaining items were budgeted fairly consistent compared to those of the 2011 fiscal year. There were minor increases to account for forecast increases in insurance and wages.
- Part of our Capital Plan includes setting monies aside each year for future purchases of capital assets. This was continued as part of the 2012 budget.

**CONTACTING THE UTILITIES FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers and creditors with a general overview of the Utilities finances and to show the Utilities are accountable for the money it receives. If you have questions about this report or need additional financial information, contact Sue Hrubes, La Porte City Utilities Office Manager, 403 Main Street, La Porte City, Iowa.

## **Basic Financial Statements**

La Porte City Utilities  
Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2011

|   | Disbursements | Program Receipts       |   | Net (Disbursements)<br>Receipts and Changes<br>in Cash Basis Net Assets |
|---|---------------|------------------------|---|---|
|   |               | Charges for<br>Service | Operating Grants,<br>Contributions,<br>and Restricted<br>Interest | Business Type<br>Activities<br>Total                                    |
| <b>Functions / Programs:</b>            |               |                        |   |   |
| Business type activities:               |               |                        |   |   |
| Electric                                | \$ 1,639,529  | 1,933,443              | -   | 293,914   |
| Water                                   | 261,326       | 559,118                | -   | 297,792   |
| Capital Improvement Reserve             | -             | -                      | 1,559   | 1,559   |
| Water System Capital Project            | 1,497,208     | -                      | 755,000   | (742,208)   |
| Debt Service                            | 153,249       | -                      | -   | (153,249)   |
| Non-major funds                         | -             | -                      | 1,093   | 1,093   |
| Total business type activities          | 3,551,312     | 2,492,561              | 757,652   | (301,099)   |
| <b>General Receipts:</b>                |               |                        |   |   |
| Bond proceeds                           |               |                        |   | 734,703   |
| Unrestricted interest on investments    |               |                        |   | 1,578   |
| Miscellaneous                           |               |                        |   | 51,696  |
| Transfers                               |               |                        |   | -   |
| Total general receipts and transfers    |               |                        |   | 787,977   |
| Change in cash basis net assets         |               |                        |   | 486,878   |
| Cash basis net assets beginning of year |               |                        |   | 581,905   |
| Cash basis net assets end of year       |               |                        |   | \$ 1,068,783  |
| <b>Cash Basis Net Assets</b>            |               |                        |   |   |
| Restricted:                             |               |                        |   |   |
| Expendable:                             |               |                        |   | \$ 102,313  |
| Committed                               |               |                        |   | -   |
| Assigned                                |               |                        |   | 237,138   |
| Unrestricted                            |               |                        |   | 729,332   |
| <b>Total cash basis net assets</b>      |               |                        |   | \$ 1,068,783  |

See notes to financial statements

## La Porte City Utilities

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2011

|   | Enterprise Funds |           |                                   |                                       |   | Total     |
|---|------------------|-----------|-----------------------------------|---------------------------------------|---|-----------|
|   | Electric         | Water     | Capital<br>Improvement<br>Reserve | Water<br>System<br>Capital<br>Project | Other<br>Nonmajor<br>Proprietary<br>Funds |           |
| Operating receipts:   |                  |           |                                   |                                       |   |           |
| Use of money and property   | \$ 516           | 1,062     | 1,559                             | -                                     | 1,093                                     | 4,230     |
| Charges for service   | 1,933,443        | 559,118   | -                                 | -                                     | -   | 2,492,561 |
| Miscellaneous   | 51,224           | 467       | -                                 | 755,005                               | -   | 806,696   |
| Total operating receipts  | 1,985,183        | 560,647   | 1,559                             | 755,005                               | 1,093                                     | 3,303,487 |
| Operating disbursements:  |                  |           |                                   |                                       |   |           |
| Business type activities  | 1,639,529        | 261,326   | -                                 | 1,497,208                             | -   | 3,398,063 |
| Total operating disbursements   | 1,639,529        | 261,326   | -                                 | 1,497,208                             | -   | 3,398,063 |
| Excess (deficiency) of operating receipts over (under)<br>operating disbursements | 345,654          | 299,321   | 1,559                             | (742,203)                             | 1,093                                     | (94,576)  |
| Non-operating receipts (disbursements):   |                  |           |                                   |                                       |   |           |
| Bond proceeds   | -                | 388,070   | -                                 | 346,633                               | -   | 734,703   |
| Debt service  | -                | -         | -                                 | (9,724)                               | (143,525)                                 | (153,249) |
| Total non-operating receipts (disbursements)                                      | -                | 388,070   | -                                 | 336,909                               | (143,525)                                 | 581,454   |
| Excess (deficiency) of receipts over (under)<br>disbursements                     | 345,654          | 687,391   | 1,559                             | (405,294)                             | (142,432)                                 | 486,878   |
| Operating transfers in/(out)  | (183,415)        | (411,700) | 46,296                            | 405,294                               | 143,525                                   | -         |
| Net change in cash balances   | 162,239          | 275,691   | 47,855                            | -                                     | 1,093                                     | 486,878   |
| Cash balances beginning of year   | 36,706           | 254,696   | 179,283                           | -                                     | 111,220                                   | 581,905   |
| Cash balances end of year   | \$ 198,945       | 530,387   | 227,138                           | -                                     | 112,313                                   | 1,068,783 |
| <b>Cash Basis Fund Balances</b>   |                  |           |                                   |                                       |   |           |
| Restricted for:   |                  |           |                                   |                                       |   |           |
| Debt service  | \$ -             | -         | -                                 | -                                     | -   | -         |
| Other purposes  | -                | -         | -                                 | -                                     | 102,313                                   | 102,313   |
| Assigned for capital improvement  | -                | -         | 227,138                           | -                                     | 10,000                                    | 237,138   |
| Unrestricted  | 198,945          | 530,387   | -                                 | -                                     | -   | 729,332   |
| Total cash basis fund balances  | \$ 198,945       | 530,387   | 227,138                           | -                                     | 112,313                                   | 1,068,783 |

See notes to financial statements

La Porte City Utilities

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets -  
Proprietary Funds

As of and for the year ended June 30, 2011

|   |              |
|---|--------------|
| <b>Total enterprise funds cash balances (page 15)</b> | \$ 1,068,783 |
|---|--------------|

The utility does not have an internal service fund.  
Therefore there are no reconciling items.

-

|  |                     |
|--|---------------------|
| <b>Cash basis net assets of business type activities (page 14)</b> | <u>\$ 1,068,783</u> |
|--|---------------------|

|  |            |
|--|------------|
| <b>Net change in cash balances (page 15)</b> | \$ 486,878 |
|--|------------|

The utility does not have an internal service fund.  
Therefore there are no reconciling items.

-

|   |                   |
|---|-------------------|
| <b>Change in cash balance of business type activities (page 14)</b> | <u>\$ 486,878</u> |
|---|-------------------|

See notes to financial statements

La Porte City Utilities

Notes to Financial Statements

June 30, 2011

**(1) Summary of Significant Accounting Policies**

**A. Reporting Entity**

The La Porte City Utilities is a component unit of the City of La Porte City, Iowa. The Utility is a legally separate organization, which has the authority to modify and approve its budget, modify and approve its rates, and is not dependent on any other organization. The Utilities' trustees are appointed by the mayor of the City of La Porte City, and they are approved by the City Council.

For financial reporting purposes, the La Porte City Utilities has included all funds.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the Utility. For the most part, the effect of interfund activity has been removed from this statement. The Utility reports business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the Utility's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function.

Fund Financial Statements - Major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining enterprise funds are aggregated and reported as nonmajor proprietary funds.

The Utility reports the following major proprietary funds:



The Electric Fund accounts for the operation and maintenance of the Utility's electricity.

The Water Fund accounts for the operation and maintenance of the Utility's water system.

The Capital Improvement Reserve Fund acts as a reserve fund for future capital improvements.

The Water System Capital Project Fund is a fund established to account for municipal water system improvement projects that began during the year.

**C. Measurement Focus and Basis of Accounting**

The La Porte City Utilities maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Utility are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The Utility's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Utility is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Utility held investments in credit unions which are valued at \$239,374 and are collateralized with letters of credit held by the Utility in accordance with Chapter 12C of the Code of Iowa.

In addition, the Utility had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$49,780 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

### (3) Revenue Bonds and Loans Payable

Annual debt service requirements to maturity for revenue bonds are as follows:

| Year<br>Ending<br>June 30, | Utility Revenue<br>Bond |          |
|----------------------------|-------------------------|----------|
|                            | Principal               | Interest |
| 2012                       | 125,000                 | 19,115   |
| 2013                       | 130,000                 | 14,865   |
| 2014                       | 135,000                 | 10,315   |
| 2015                       | 140,000                 | 5,320    |
| Total                      | \$ 530,000              | 49,615   |

The resolutions providing for the issuance of the revenue notes include the following provisions.

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate electric revenue bond sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) Additionally, a reserve account within the Enterprise Funds shall be maintained. This account is restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.

During prior years the Utility was awarded up to \$250,000 for an Anticipation Project Loan with zero percent interest. Loan advances of \$54,900 and \$153,028 were taken out during the years ended June 30, 2009 and 2010, respectively. The loan balance of \$207,928 was paid in full during the current year with proceeds from Water Revenue Capital Loan Notes, Series 2010 issued to the Utility. The Utility was authorized to disburse up to \$3,000,000 from these notes, the purpose of which are for paying costs associated with acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping the La Porte City Municipal Water Utility. As of June 30, 2011 a total of \$972,631 had been disbursed from the Loan Notes. Of that total disbursement, \$734,703 was used for the Water Utility project, \$207,928 was used to pay off the Anticipation Project Loan, and \$30,000 was the loan initiation fee. No principal payments and \$9,724 of interest payments were made during the year. A loan amortization payoff schedule will not be finalized until the project is completed and necessary loan funds are disbursed.

### (4) Pension and Retirement Benefits

The Utility contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available

financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the Utility is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by state statute. The Utility's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$17,995, \$17,118, and \$16,546, respectively, equal to the required contributions for each year.

**(5) Other Postemployment Benefits (OPEB)**

Plan Description - The Utility operates a single-employer benefit plan which provides medical/prescription drug benefits for employees and retirees. There are 5 active and no retired members in the plan. Participants must be age 55 or older at retirement to be eligible.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the full cost of the premium for the medical/prescription drug benefits.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Utility. The most recent active member monthly premiums are \$1,756.84 for family coverage and \$702.76 for single coverage. The Utility pays for 100% of the monthly premium. For the year ended June 30, 2011, the Utility paid \$72,826 on behalf of plan members.

**(6) Compensated Absences**

Utility employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Utility until used or paid. The Utility's approximate liability for earned vacation and sick leave termination payments payable to employees at June 30, 2011, primarily relating to the Electric and Water Funds, is as follows:

| <u>Type of Benefit</u> | <u>Amount</u>   |
|------------------------|-----------------|
| Vacation               | \$ 5,654        |
| Sick leave             | <u>3,273</u>    |
| Total                  | <u>\$ 8,927</u> |

This liability has been computed based on rates of pay in effect at June 30, 2011.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

| <u>Transfer to</u>          | <u>Transfer from</u> | <u>Amount</u> |
|-----------------------------|----------------------|---------------|
| Debt Service                | Electric             | \$ 143,525    |
| Capital Improvement Reserve | Electric             | 39,890        |
| Capital Improvement Reserve | Water                | 6,406         |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(8) Risk Management**

The Utility is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Utility assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Litigation**

The Utility was not subject to any pending litigation during the year.

### **Required Supplementary Information**

La Porte City Utilities

Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Proprietary Funds

Required Supplementary Information

Year ended June 30, 2011

|  | Proprietary<br>Funds<br>Actual | Budgeted Amounts |             | Final to<br>Net<br>Variance |
|--|--------------------------------|------------------|-------------|-----------------------------|
|  |                                | Original         | Final       |                             |
| Receipts:  |                                |                  |             |                             |
| Use of money and property  | \$ 4,230                       | 13,138           | 5,790       | (1,560)                     |
| Charges for service  | 2,492,561                      | 2,253,906        | 2,378,241   | 114,320                     |
| Miscellaneous  | 806,696                        | 112,300          | 100,282     | 706,414                     |
| Total receipts   | 3,303,487                      | 2,379,344        | 2,484,313   | 819,174                     |
| Disbursements:   |                                |                  |             |                             |
| Business type activities   | 3,398,063                      | 2,000,133        | 5,933,718   | 2,535,655                   |
| Total disbursements  | 3,398,063                      | 2,000,133        | 5,933,718   | 2,535,655                   |
| Excess (deficiency) of operating receipts over (under)<br>operating disbursements  | (94,576)                       | 379,211          | (3,449,405) | 3,354,829                   |
| Other financing sources (uses), net  | 581,454                        | -                | 3,750,000   | (3,168,546)                 |
| Excess (deficiency) of receipts and other financing<br>sources (uses) over (under) disbursements<br>and other financing sources (uses) | 486,878                        | 379,211          | 300,595     | 186,283                     |
| Balances beginning of year   | 581,905                        | 835,608          | 581,905     | -                           |
| Balances end of year   | \$ 1,068,783                   | 1,214,819        | 882,500     | 186,283                     |

See accompanying independent auditor's report.

La Porte City Utilities

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for each major fund.

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. Only two of these ten functions are budgeted by La Porte City Utilities and they are: business type activities and debt service. Function disbursements required to be budgeted include disbursements for the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted revenues by \$104,969 and increased budgeted disbursements by \$3,933,585. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted.

### **Other Supplementary Information**



## La Porte City Utilities

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2011

|   | Proprietary Funds |                 |                             |                                 |           |
|---|-------------------|-----------------|-----------------------------|---------------------------------|-----------|
|   | Meter<br>Deposits | Debt<br>Service | Diesel<br>Engine<br>Reserve | Diesel<br>Engine<br>Improvement | Total     |
| Receipts:   |                   |                 |                             |                                 |           |
| Use of money and property                                     | \$ 6              | -               | 1,087                       | -                               | 1,093     |
| Total receipts  | 6                 | -               | 1,087                       | -                               | 1,093     |
| Disbursements:  |                   |                 |                             |                                 |           |
| Business type activities                                      | -                 | -               | -                           | -                               | -         |
| Total disbursements   | -                 | -               | -                           | -                               | -         |
| Excess (deficiency) of receipts<br>over (under) disbursements | 6                 | -               | 1,087                       | -                               | 1,093     |
| Other financing sources:                                      |                   |                 |                             |                                 |           |
| Debt service  | -                 | (143,525)       | -                           | -                               | (143,525) |
| Operating transfers in/(out)                                  | -                 | 143,525         | -                           | -                               | 143,525   |
| Net change in cash balances                                   | 6                 | -               | 1,087                       | -                               | 1,093     |
| Cash balances beginning of year                               | 9,869             | -               | 91,351                      | 10,000                          | 111,220   |
| Cash balances end of year                                     | \$ 9,875          | -               | 92,438                      | 10,000                          | 112,313   |
| <b>Cash Basis Fund Balances</b>                               |                   |                 |                             |                                 |           |
| Restricted  | \$ 9,875          | -               | 92,438                      | -                               | 102,313   |
| Assigned for capital improvement                              | -                 | -               | -                           | 10,000                          | 10,000    |
| Unrestricted  | -                 | -               | -                           | -                               | -         |
| Total cash basis fund balances                                | \$ 9,875          | -               | 92,438                      | 10,000                          | 112,313   |

See accompanying independent auditor's report

**Schedule 2**

La Porte City Utilities  
Schedule of Indebtedness  
Year ended June 30, 2011

| Obligation  | Date of<br>Issue | Interest<br>Rates | Amount<br>Originally<br>Issued |
|---|------------------|-------------------|--------------------------------|
| Utility Revenue Notes -<br>Electric fund                  | May 1, 2008      | 3.0 - 3.8%        | 885,000                        |
| State Revolving Loan -<br>Water Project Anticipation Loan | April 8, 2009    | 0%                | 250,000                        |
| Water Revenue Capital Loan Notes                          | August 25, 2010  | 3%                | 3,000,000                      |

See accompanying independent auditor's report

**Schedule 2**

| Balance<br>Beginning<br>of Year | Issued<br>During<br>Year | Redeemed<br>During<br>Year | Balance<br>End of<br>Year | Interest<br>Paid | Interest<br>Due and<br>Unpaid |
|---------------------------------|--------------------------|----------------------------|---------------------------|------------------|-------------------------------|
| \$ 650,000                      | -                        | 120,000                    | 530,000                   | 23,075           | -                             |
| 207,928                         | -                        | 207,928                    | -                         | -                | -                             |
| -                               | 972,631                  | -                          | 972,631                   | 9,724            | -                             |
| \$ 857,928                      | 972,631                  | 327,928                    | 1,502,631                 | 32,799           | -                             |

**Schedule 3**

## La Porte City Utilities

## Bond Maturities

June 30, 2011

| Year<br>Ending<br>June 30, | Utility Revenue Bonds |                   |
|----------------------------|-----------------------|-------------------|
|                            | Electric              |                   |
|                            | Issued May 1, 2008    |                   |
|                            | Interest<br>Rates     | Amount            |
| 2012                       | 3.40%                 | \$ 125,000        |
| 2013                       | 3.50%                 | 130,000           |
| 2014                       | 3.70%                 | 135,000           |
| 2015                       | 3.80%                 | 140,000           |
|                            |                       | <u>\$ 530,000</u> |

See accompanying independent auditor's report

## La Porte City Utilities

Schedule of Receipts by Source and Disbursements By Function  
All Proprietary Funds

For the Last Ten Years

|                           | 2011                | 2010             | 2009             | 2008             | 2007             | 2006             | 2005             | 2004             | 2003             | 2002             |
|---------------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Receipts:</b>          |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Use of money and property | \$ 4,230            | 9,628            | 22,920           | 39,959           | 47,018           | 23,236           | 15,113           | 12,281           | 17,041           | 31,363           |
| Charges for service       | 2,492,561           | 1,774,921        | 1,653,284        | 1,699,041        | 1,638,317        | 1,531,128        | 1,383,209        | 1,255,468        | 1,170,925        | 1,031,824        |
| Miscellaneous             | 806,696             | 100,511          | 83,983           | 143,393          | 85,755           | 80,284           | 75,614           | 88,088           | 7,579            | 124,217          |
| Bond proceeds             | 734,703             | 153,028          | 54,900           | 881,080          | -                | -                | -                | -                | -                | -                |
| <b>Total</b>              | <b>\$ 4,038,190</b> | <b>2,038,088</b> | <b>1,815,087</b> | <b>2,763,473</b> | <b>1,771,090</b> | <b>1,634,648</b> | <b>1,473,936</b> | <b>1,355,837</b> | <b>1,195,545</b> | <b>1,187,404</b> |
| <b>Disbursements:</b>     |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Business-type             | \$ 3,398,063        | 2,033,993        | 1,914,276        | 1,782,609        | 1,479,790        | 1,370,877        | 1,219,895        | 1,104,848        | 1,252,566        | 1,028,562        |
| Debt service              | 153,249             | 147,255          | 148,230          | 1,019,635        | 154,595          | 154,320          | 153,740          | 152,760          | 151,285          | 155,035          |
| <b>Total</b>              | <b>\$ 3,551,312</b> | <b>2,181,248</b> | <b>2,062,506</b> | <b>2,802,244</b> | <b>1,634,385</b> | <b>1,525,197</b> | <b>1,373,635</b> | <b>1,257,608</b> | <b>1,403,851</b> | <b>1,183,597</b> |

See accompanying independent auditor's report

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Trustees:

We have audited the accompanying financial statements of the business type activities, each major fund and the aggregate remaining fund information of the La Porte City Utilities, as of and for the year ended June 30, 2011, which collectively comprise the Utility's basic financial statements listed in the table of contents and have issued our report thereon dated November 17, 2011. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered La Porte City Utilities' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of La Porte City Utilities' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of La Porte City Utilities' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the La Porte City Utilities financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether La Porte City Utilities' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the Utility's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Utility. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

La Porte City Utilities' responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the Utility's responses, we did not audit La Porte City Utilities' responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of La Porte City Utilities and other parties to whom La Porte City Utilities may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of La Porte City Utilities during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

November 17, 2011

La Porte City Utilities  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.



La Porte City Utilities  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:** No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

II-A-11 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the Utility should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The Utility should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

II-B-11 Preparation Financial Statements - La Porte City Utilities does not employ an accounting staff with the technical expertise to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles general accepted in the United States of America; therefore, it relies on its auditors to prepare such statements.

Recommendation - The Utility should conform with generally accepted accounting principles.

Response - The Utility feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements.

Conclusion - Response accepted.

La Porte City Utilities  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**Part III: Other Findings Related to Statutory Reporting:**

- III-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- III-B-11 Questionable Disbursements – We noted no questionable disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-11 Travel Expense – No disbursements of Utility money for travel expenses of spouses of Utility officials or employees were noted.
- III-D-11 Business Transactions – There were no business transactions between the Utility and Utility officials or employees.
- III-E-11 Bond Coverage – Surety bond coverage of Utility officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-11 Board of Trustee Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-11 Deposits and Investments – We noted no instances of noncompliance with the deposit and investment provisions of chapter 12B and 12C of the Code of Iowa and the Utility's investment policy.
- III-H-11 Revenue Notes – The Utility has complied with the revenue bond and note resolutions.

La Porte City Utilities  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

La Porte City Utilities  
Staff

This audit was performed by:

Gina E. Trimble, CPA, Manager  
Dana Elliot, CPA, Staff